

Sales Tax Streamlining and Modernization Commission

Minutes of Meeting
2018 Interim Session
Monday, October 1, 2018

I. CALL TO ORDER

Representative Julie Stokes, Chairman of the Sales Tax Streamlining and Modernization Commission, called the meeting to order at 10:16 a.m. in Room 5, in the State Capitol in Baton Rouge, Louisiana. The secretary called the roll.

II. ROLL CALL

MEMBERS PRESENT:

Representative Julie Stokes, Chairman
Mr. Don Allison
Mr. Roger Bergeron
Mr. Jay Campbell
Ms. Melanie David
Rep. Paula Davis, Vice Chairman
Mr. Gary Dressler
Ms. Jessica Elliott
Mr. Dannie Garrett
Mr. Joseph Henschman
Ms. Amber Hymel
Mr. Luke Morris
Mr. Darryl Pupera
Ms. Jeanine Theriot
Mr. Mark West

MEMBERS ABSENT:

Mr. Jason DeCuir
Mr. Will Green
Sen. Gary Smith
Ms. Dawn Starns
Sen. Rick Ward

STAFF MEMBERS PRESENT:

Ms. Alison Pryor, attorney

ADDITIONAL ATTENDEES PRESENT:

None

III. DISCUSSION**Louisiana Dept. of Revenue**

Mr. Luke Morris, Assistant Secretary of the Office of Legal Affairs, posed a general presentation of legislative updates from the 2018 Extraordinary and Regular sessions, Exhibit A, contained in the committee records, along with previous sessions that had an effect on this year's sessions. During the 2016 Regular Session, and effective on July 1, 2017, Act 569 imposed notification and reporting requirements on remote retailers. Mr. Morris defined the term and explained the criteria under Louisiana law. Mr. Morris further explained what steps the Dept. of Revenue has taken to disclose statutory notification and reporting requirements for remote retailers.

During the 2017 session, Act 378 was established and provided a definition for "commercial farmer" and issued a Notice of Intent, with an anticipated effective date of November 20, 2018, where farm income and expenses will need to be reported on Schedule F or a similar federal tax form.

Act 143 of the 2018 Second Extraordinary Session, is a large piece of legislation that deals with state and local level tax administration, as well as jurisdiction of the Board of Tax Appeals. Mr. Morris explained the changes and notification process of Act 143.

In addition, Mr. Morris touched upon Acts that effect tax preparers and remote retailers, and Act 5 of the 2017 Regular Session (Act 274), which amended federal law relative to the Louisiana Sales and Use Tax Commission. Based on the *Wayfair* decision, the Commission will not seek to enforce sales or use tax collection obligation on remote sellers retroactive to January 1, 2019.

Ms. Emily Toler, Attorney Supervisor of Sales Tax, Dept. of Revenue, clarified telecommunications as being a subset of state sales tax, and that LDR has a Revenue Information Bulletin that lists the drop in percentage rates for pre-paid and intra-state communications and for interstate and international communications.

The Tax Foundation

Mr. Joseph Bishop-Henchman, Executive Vice President, The Tax Foundation, presented, "*A Crossroads in Online Sales Taxes: Life After South Dakota v. Wayfair*", Exhibit B, contained in the committee records. Mr. Henchman discussed the Wayfair decisions, the Wayfair checklist compliance, and Louisiana's inconsistent, outdated sales tax collection mechanisms. Mr. Henchman shared Colorado's proposed legislation to establish a statewide internet sales and use tax simplification system. The commission engaged in a question-and-answer with various scenarios and possibilities related to the state of Louisiana.

La. Sales and Use Tax Commission for Remote Sellers

Mr. Luke Morris presented an Update on the Remote Sellers Commission, Act 274 of the 2017 Regular Session, Exhibit C, contained in the committee records, organized within the Dept. of Revenue. The commission members met on June 29, 2018, for an organizational meeting to discuss the path forward, implications of Act 5, and software considerations. Over the course of the past several months, the commission has reviewed the guidance of other states, LDR reviewing all statutes related to remote sellers to determine if changes are needed. The most important aspect of the commission is to promote uniformity and simplicity in sales and use tax compliance in Louisiana, while reserving the political subdivisions to impose and collect sales and use tax. The purpose is to provide the minimum tax administration, collection, and payment requirements required by federal law with respect to the collection and remittance of sales and use tax imposed on remote sales; as well as to establish a fiscal agent solely responsible for the purpose of remote seller remittances.

Chairman Stokes discussed the Final Report on the Sales Tax Streamlining and Modernization Commission. Representative Stokes expressed that the report was not adopted before filed and renewed, but asked that Mr. Morris work with Mrs. Pryor to develop a spreadsheet that would show the local state base, and add what the commission dispensation was, and to also address a way to equalize the base.

IV. OTHER BUSINESS

There was no other business.

V. ANNOUNCEMENTS

There were no announcements.

VI. ADJOURNMENT

Vice Chairman Davis made a motion to adjourn the meeting at 12:25 p.m. The motion passed without objection.

Respectfully submitted,

Chairman Julie Stokes
Sales Tax Streamlining and Modernization Commission